

UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION

UNITED STATES OF AMERICA )  
 ) No. \_\_\_\_\_  
 v. )  
 ) Violations: Title 18, United  
 SCOTT R. FAWELL, ) States Code, Sections 2, 371,  
 CITIZENS FOR GEORGE RYAN, SR. and ) 666, 1341, 1346, 1503, 1512,  
 RICHARD JULIANO ) 1623 and 1962(c); Title 26,  
 ) United States Code, Section  
 ) 7206(1)

**COUNT ONE**

The SPECIAL JULY 2000-2 GRAND JURY charges:

1. At times material to this indictment:

**Office of the Secretary of State**

A. Pursuant to Illinois law, including the Illinois Administrative Code, the Office of the Secretary of State (hereinafter "SOS Office") was entrusted with comprehensive duties involving motor vehicles, including licensing drivers, administering and enforcing driver safety, maintaining driving records, selling and distributing license plates, and issuing and maintaining records of vehicle titles.

B. The Secretary of State, one of the elected statewide officers of the State of Illinois, was responsible for running the SOS Office, the second largest of Illinois' constitutionally-mandated offices. George H. Ryan, Sr. was elected to a four-year term as the Secretary of State in November 1990 and reelected to a second four-year term in November 1994. Accordingly, Ryan was the Secretary of State from January 1991 through early January 1999. On November 3, 1998, after a gubernatorial campaign, SOS Ryan was

elected Governor of the State of Illinois and began a four-year term in January 1999.

C. The SOS Office performed its functions through approximately twenty-one (21) departments, each of which was headed by a Department Director appointed by the Secretary of State. Each Department Director was a member of the SOS Office Cabinet. Of the 21 departments, the two departments which employed the largest number of employees were the Driver Services Department and the Vehicle Services Department. Another department, the Department of the Inspector General, was responsible for investigating all allegations of wrongdoing by SOS Office employees.

D. The Chief of Staff was selected by the Secretary of State and oversaw all departments. Pursuant to the Illinois Administrative Code, the Chief of Staff was responsible for providing oversight and policy input to all cabinet members and executive staff, and advising the Secretary of State in concert with other officials.

E. **Driver Services Department:** The Driver Services Department, among other things, administered the issuance of automobile and truck drivers' licenses through over 130 driver's license facilities located throughout the State of Illinois. With respect to the licensing process for trucks and certain commercial vehicles, pursuant to federal and state law, operators of such vehicles were required to obtain a commercial driver's license ("CDL") to ensure, among other things, that they were capable of safely operating a commercial motor vehicle and complying with all

applicable rules of the road. Similarly, operators of passenger vehicles and other motor vehicles were required to obtain a driver's license ("DL") to ensure, among other things, that they were capable of safely operating a motor vehicle and complying with all applicable rules of the road. The Driver Services Department conducted the licensing process for all classifications of motor vehicles by administering written exams and road tests to qualifying applicants at designated licensing facilities.

F. **Vehicle Services Department:** The Vehicle Services Department, among other things, served a variety of functions related to the registration, licensure and titling of vehicles. Among other things, the Vehicle Services Department processed vehicle titles, registered vehicles, issued license plates and renewal stickers, licensed vehicle dealers and maintained vehicle records.

G. **Department of the Inspector General:** Pursuant to the Illinois Administrative Code, the Department of the Inspector General (hereinafter "IG Department") was obligated to perform functions relating to the SOS Office, including investigating all allegations of wrongdoing involving SOS Office personnel. The Inspector General directed and managed the IG Department. Prior to June 1995, the IG Department was further staffed by approximately ten law enforcement agents, many of whom possessed police powers (hereinafter "IG Agents"). The IG Agents were either permanently assigned to the IG Department or detailed to the IG Department from the SOS Department of Police, a distinct SOS Office department.

## Defendants

H. **Defendant CITIZENS FOR GEORGE RYAN, SR.:** Founded in or about 1974, defendant CITIZENS FOR GEORGE RYAN, SR. (hereinafter "CITIZENS FOR RYAN") was a private organization organized and existing under the laws of the State of Illinois as a state-wide political campaign committee established, pursuant to the Illinois election code, on behalf of candidate George Ryan to support his campaign efforts. As a state political committee, CITIZENS FOR RYAN was required to file income and expenditure reports disclosing campaign and other activity, typically on a semi-annual basis with the Illinois State Board of Elections. On behalf of candidate George Ryan from at least 1990 to 1999, CITIZENS FOR RYAN hired employees and agents, raised campaign funds, sponsored fundraising events, incurred campaign expenditures, established and maintained bank accounts, entered into contractual relationships, and supported other candidates and campaigns.

### SOS Office Fundraising To Benefit CITIZENS FOR RYAN

i. Beginning no later than the Spring of 1992, defendant CITIZENS FOR RYAN sponsored and hosted numerous fundraisers, including an SOS Office employee-related event held in the Spring of each year in Chicago, Illinois (hereinafter "Spring political fundraiser") and an SOS Office employee-related Fall event held in Springfield, Illinois (hereinafter the "Fall political fundraiser"). Tickets for the Spring political fundraiser typically had a face value of \$100 per ticket and tickets for the Fall political fundraiser had a face value of \$50

per ticket, and the proceeds of the events benefitted CITIZENS FOR RYAN. Combined proceeds to CITIZENS FOR RYAN from the Spring and Fall political fundraisers totalled approximately \$500,000 per year.

ii. For the Spring and Fall political fundraisers, employees of defendant CITIZENS FOR RYAN distributed fundraiser tickets to representatives of the SOS Office departments, including designated department representatives of the Driver Services Department and the Vehicle Services Department. The employees of CITIZENS FOR RYAN maintained records, by department, relating to these distributions of fundraiser tickets.

iii. The SOS Office department representatives, serving as agents of and acting to benefit CITIZENS FOR RYAN, distributed fundraiser tickets within their respective departments to individual SOS Office employees. Within certain departments, including Driver Services and Vehicle Services, department representatives tracked the distribution and sales of the fundraiser tickets.

iv. Individual employees within the respective departments, in turn, sold and attempted to sell the political fundraiser tickets, using a variety of means.

Related Efforts To Benefit CITIZENS FOR RYAN

v. In addition to SOS Office related fundraising activities, from at least 1994 to at least 1998, defendant CITIZENS FOR RYAN, through its agents and employees and others, recruited, solicited, and otherwise obtained the services of SOS Office

employees to "volunteer" and otherwise participate in various "field operations" of the campaign, including Secretary of State Ryan's re-election effort in 1994, Ryan's gubernatorial campaign in 1998 and other campaign efforts supported by CITIZENS FOR RYAN. Such field operations included, among other things, passing candidate petitions and campaign literature, precinct walking, marching in parades, phone banking, attending campaign events and participating in other campaign activities.

vi. For the 1994 and 1998 elections, CITIZENS FOR RYAN's field operations were organized geographically under the following structure. The State of Illinois was divided into a metro area and a downstate area; each of these two areas were further divided into zones, which were, in turn, subdivided into regions. Each region's campaign activities were organized by a regional manager who, in turn, reported to a zone manager. Zone managers in turn reported to their respective (metro or downstate) area coordinator. For both the 1994 and 1998 elections, virtually every regional manager, zone manager and area coordinator was an SOS Office employee.

#### Financial Reporting

vii. Pursuant to the Illinois election code, political campaign committees such as CITIZENS FOR RYAN and other political campaign committees, were obligated to track income and expenditures of \$150 or more and report such income and expenditures on a semi-annual basis with the Illinois State Board of Elections ("D-2 Reports"). Such D-2 Reports were to include the

value of any goods and services, including employment services, utilized by the campaign during a given reporting period. D-2 Reports were due to the Illinois State Board of Elections thirty days following the end of the reporting periods. Reporting periods were January 1 through June 30 and July 1 through December 31.

I. **Defendant SCOTT FAWELL:** In approximately February 1992, defendant SCOTT FAWELL was appointed Chief of Staff to the Secretary of State. In this capacity and through in or about January 1999, FAWELL, among other things, made personnel, policy, strategic and business decisions binding the SOS Office.

In addition, beginning no later than February 1992 and continuing through early 1999, FAWELL was a principal operating officer, adviser, and decision maker for CITIZENS FOR RYAN. On behalf of CITIZENS FOR RYAN, FAWELL, among other things, authorized the hiring of employees, entered into contractual agreements, participated directly in the raising and spending of campaign funds, participated directly in the recruitment and coordination of campaign volunteers, developed campaign strategy and otherwise oversaw campaign activities.

In approximately February 1998, FAWELL became the full-time campaign manager for the 1998 Ryan gubernatorial campaign effort. When he assumed this position, FAWELL took a leave of absence from his Chief of Staff position and became a full-time employee of defendant CITIZENS FOR RYAN through approximately November 3, 1998. During this period, while FAWELL was a principal operating officer, adviser, and campaign decision maker on behalf of CITIZENS FOR

RYAN, he also retained substantial control and authority on behalf of the SOS Office during the 1998 campaign season. Upon Ryan's gubernatorial election victory in November 1998, FAWELL returned to the SOS Office payroll through January 1999.

In or about July 1995, defendant FAWELL established an entity, SRF Consulting, and registered that entity as an operating business with the Kane County Clerk. For periods from 1995 through 1999, defendant FAWELL received income in the name of, among others, SRF Consulting, from companies affiliated with an individual known to defendant FAWELL (hereinafter "Vendor A").

J.        **Defendant RICHARD JULIANO:** Defendant RICHARD JULIANO was a full-time SOS Office employee at various periods from February 1991 through October 1995, often reporting directly to defendant FAWELL. For annual periods from in or about October 1995 through in or about February 1998, FAWELL arranged for JULIANO to be a contractual employee of the SOS.

From July 1994 through approximately November 1994, JULIANO took a leave of absence from his SOS Office position and became the full-time campaign manager for CITIZENS FOR RYAN and reported directly to FAWELL. For the 1998 gubernatorial election, FAWELL named JULIANO the Deputy Campaign Manager for CITIZENS FOR RYAN from February 1998 through November 1998. In this capacity, JULIANO reported directly to FAWELL. While an employee of CITIZENS FOR RYAN during 1994 and 1998, JULIANO retained substantial authority with regard to official activities of the SOS Office.



K. From approximately 1993 through approximately 1998, Larry Hall, a friend and associate of defendant SCOTT FAWELL, was an SOS Office employee who was assigned as the Property Manager for the metropolitan Chicago area. In this capacity, Hall was responsible for managing relationships with approximately twenty eight (28) entities that leased driver's license facilities to the Secretary of State. In addition, Hall coordinated and supervised the remodeling and repair of these driver's license facilities in the metropolitan Chicago area.

**Federal Grand Jury Investigation**

L. In or about the Spring of 1998, the SPECIAL JUNE 1997-2 Grand Jury sitting in Chicago, Illinois, commenced grand jury investigation 98 GJ 596 (the "Grand Jury Investigation"). Successive federal grand juries, including the SPECIAL JANUARY 1999-2 Grand Jury and the SPECIAL JULY 2000-2 Grand Jury, continued the Grand Jury Investigation, into among other things, allegations of official misconduct, corruption and fraudulent conduct relating to the SOS Office. The Grand Jury Investigation concerned allegations of violations of the following federal statutes, among others: Title 18, United States Code, Sections 666 (theft concerning programs receiving federal funds); 1341 and 1346 (mail fraud); 1503 and 1512 (obstruction of justice); 1623 (perjury); 1951 (extortion); 1962 (racketeering) and Title 26 (tax violations). The Grand Jury Investigation continues up to and including the date of the return of this indictment.

M. On or about September 3, 1998, in furtherance of the Grand Jury Investigation, federal law enforcement officers executed arrest warrants and search warrants, interviewed numerous individuals and served grand jury subpoenas on SOS Office employees in the Driver Services Department present at the Melrose Park, Illinois, driver's license facility. As a result of the arrests and related official proceedings that day, knowledge of the Grand Jury Investigation became publicly known.

N. On or about September 11, 1998, a grand jury subpoena dated September 8, 1998, was served upon CITIZENS FOR RYAN. The subpoena requested, among other things, records relating to the accounting or tracking of ticket distributions to SOS Office employees participating in CITIZENS FOR RYAN-sponsored fundraising events. On or about September 11, 1998, in his capacity as custodian of records for CITIZENS FOR RYAN, defendant SCOTT FAWELL received and reviewed the September 8, 1998 subpoena. In or about October 1998, defendant FAWELL caused documents to be tendered in response to the September 8, 1998 subpoena.

O. Between September 1998 and early 2000, the Grand Jury Investigation was examining, among other things, the following matters:

- i. Whether SOS Office employees engaged in official misconduct pertaining to the improper issuance of CDLs or DLs, in return for, and in conjunction with, bribes paid to SOS

Office employees, including bribes paid in the form of the sale or purchase of CITIZENS FOR RYAN fundraiser tickets;

ii. Whether bribery or official misconduct by SOS Office employees was motivated, in part, by supervisory SOS Office employees imposing fundraising quotas or goals, or otherwise encouraging, requiring or advocating the distribution and sale of CITIZENS FOR RYAN fundraiser tickets by SOS Office employees;

iii. Whether SOS Office employees conducted campaign related activities, including the sale of fundraiser tickets, on state time;

iv. Whether SOS Office employees who sold fundraiser tickets or otherwise agreed to participate in CITIZENS FOR RYAN "field operations" were promised and/or received SOS Office and job-related financial benefits as a result of their participation in the campaign activities;

v. Whether certain IG Department investigations relating to allegations of official misconduct had been quashed or otherwise prematurely terminated in order to conceal and otherwise protect certain SOS Office employees and SOS Office campaign activity performed on behalf of CITIZENS FOR RYAN from public exposure, administrative action, and possible criminal prosecution;

vi. Whether SOS Office leases and contracts were being awarded in return for, and in connection with, campaign

contributions and other financial benefits to CITIZENS FOR RYAN and/or high-ranking SOS Office employees; and

vii. Whether SOS Office employees were performing official acts, including the awarding of low-digit license plates, in return for, and in connection with, campaign contributions and other financial benefits to CITIZENS FOR RYAN and/or SOS Office employees.

#### **Applicable Duties, Laws, Policies and Procedures**

P. In discharging their public duties, officers of the Secretary of State, including defendants SCOTT FAWELL and RICHARD JULIANO, were bound by the following duties, laws, policies and procedures:

##### **Personal Duties and Prohibitions**

i. By virtue of their positions as SOS Office employees, each owed a duty of honest services to the people of the State of Illinois, the State of Illinois, and the SOS Office in the performance of their public duties;

ii. Pursuant to Illinois law, certain high-ranking SOS Office employees were required annually to file a Written Statement of Economic Interest with the State of Illinois, wherein each was obligated to disclose: (a) the name, address and type of practice of any professional organization in which he was an officer, director, associate, partner or proprietor, or served in

any advisory capacity, from which he derived income in excess of \$1,200 during the preceding calendar year; and (b) the nature of professional services rendered (other than services rendered to the SOS Office) and the nature of the entity to which the professional services were rendered if fees exceeding \$5,000 were received during the preceding calendar year from the entity for professional services rendered;

iii. Pursuant to the written policies and procedures of the SOS Office, all SOS Office employees were prohibited from, among other things:

a. misusing or abusing state working time for personal gain or for any reason other than performing the employee's assigned duties, and

b. misusing, abusing, destroying or converting state property to personal use.

iv. Pursuant to the written policies and procedures of the SOS Office and the criminal law of the State of Illinois, all SOS Office employees were prohibited from accepting gifts and things of value in return for the performance of the employee's official duties, or as a condition for not performing such duties. In addition, beginning no later than August 26, 1997, pursuant to a written policy memorandum authored by defendant SCOTT FAWELL, all SOS Office employees were prohibited from accepting any gifts, meals or entertainment with a value of \$50 or more annually from any single prohibited source. A prohibited source was any person

or entity who sought official action, did business or sought to do business with the SOS Office, conducted activities regulated by the SOS Office or had interests that could be substantially affected by the performance or non-performance of the employee's official duties.

#### Restrictions on Political and Campaign Activity

v. Pursuant to Illinois law and the written policies and procedures of the SOS Office, SOS Office employees were prohibited from conducting political and campaign activities during regular business hours; from coercing, inducing, persuading or attempting to coerce, induce or persuade any SOS Office employee to conduct political activities during regular business hours, including, among other things, participating in the organization of any political activity and selling or distributing tickets. In addition, pursuant to the written policies and procedures of the SOS Office, SOS Office employees were prohibited from soliciting other SOS Office employees for political purposes during work hours, including during employee break periods.

#### Restrictions on Promotions and Salary Increases

vi. Pursuant to Illinois law, the SOS Office was prohibited from, among other things, using political party support as a criterion in the hiring and promotion of certain SOS Office employees. No later than June 1992, SOS Office department directors and executive office staff were notified that the SOS

Office was to comply with the prohibitions in hiring and promoting based on political activity.

vii. Pursuant to the written policies and procedures of the SOS Office, beginning no later than August 1992, salary increases for the SOS Office "merit compensation" employees generally were to be limited to 5% of the SOS Office employee's base salary. Salary increases in excess of 5% required the prior approval of the Director of Personnel. Beginning in or about September 1995, the salary increase limitation was raised to 6% of the employee's base salary. Salary increases in excess of 6% required detailed justification and the prior approval of the Department of Personnel. Accordingly, in submitting requests for salary increases, particularly as to those for salary increases in excess of the imposed limitations, it was the policy and practice of the SOS Office for the requestor to submit a "justification" memo providing a written rationale to support the salary increase request.

viii. Pursuant to the policy and practice of the SOS Office during the Ryan Administration, salary increases for "merit compensation" employees were made and recorded once per year, typically in the Fall of each year.

#### **THE CITIZENS FOR RYAN-SOS OFFICE ENTERPRISE**

2. At times material to this indictment, defendants SCOTT FAWELL, CITIZENS FOR RYAN, Richard Juliano, the SOS Office and others known and unknown were associated in fact, and constituted an "enterprise" as that term is defined in Title 18, United States

Code, Section 1961(4), which enterprise was engaged in, and the activities of which affected, interstate commerce. This enterprise, consisting of the aforementioned individuals, entities, and others known and unknown, is hereby referred to for purposes of this count as the "CITIZENS FOR RYAN-SOS OFFICE" Enterprise. The CITIZENS FOR RYAN-SOS OFFICE Enterprise constituted an ongoing organization whose members functioned as a continuing unit for a common purpose of achieving the objectives of the enterprise. Each defendant participated in the operation and management of the enterprise.

#### **OBJECTIVES OF THE ENTERPRISE**

3. The primary objectives of the CITIZENS FOR RYAN-SOS OFFICE Enterprise were 1) to improperly and unlawfully utilize and otherwise divert SOS Office personnel and resources for the use and benefit of and to promote and support the activities of CITIZENS FOR RYAN and SCOTT FAWELL-supported campaign activities; 2) to perform official acts in return for campaign benefits to CITIZENS FOR RYAN, SCOTT FAWELL, and other agents of CITIZENS FOR RYAN; and 3) to promote, conceal and otherwise protect certain SOS Office employees and certain unlawful SOS Office campaign activities performed on behalf of CITIZENS FOR RYAN from public exposure, administrative action and possible criminal prosecution.

#### **THE RACKETEERING VIOLATION**

4. Beginning no later than 1992 and continuing to at least October 1999 in Chicago, Mundelein, Homewood, and other locations



in the Northern District of Illinois, Eastern Division, as well as Kankakee, Springfield and other locations in the Central District of Illinois, and elsewhere:

SCOTT R. FAWELL and  
CITIZENS FOR RYAN,

defendants herein, and others known and unknown to the Grand Jury, being persons employed by and associated with the CITIZENS FOR RYAN-SOS OFFICE enterprise, which enterprise was engaged in, and the activities of which affected, interstate commerce, unlawfully and knowingly conducted and participated, directly and indirectly, in the conduct of the affairs of that enterprise through a pattern of racketeering activity, that is, through the commission of two or more racketeering acts set forth in **Paragraph 40** below:

**MEANS AND METHODS OF THE ENTERPRISE**

**I. The Defendants' Scheme To Defraud The State Of Illinois**

5. Beginning no later than 1993 and continuing to in or about January 1999, at Chicago, Homewood, and elsewhere in the Northern District of Illinois, and Springfield, Kankakee and elsewhere in the Central District of Illinois, defendants SCOTT FAWELL, CITIZENS FOR RYAN, Richard Juliano and other agents of CITIZENS FOR RYAN devised and intended to devise, and participated in, a scheme and artifice to defraud the people of the State of Illinois of money, property and their intangible right to the honest services of certain SOS Office employees, and to obtain money and property from the people of the State of Illinois and the

State of Illinois by means of materially false and fraudulent pretenses and representations, material omissions and by actions of concealment and protection of the scheme, which scheme is further described in the following paragraphs.

**A. Fraudulent Diversion of SOS Office Personnel and Resources**

6. It was part of the scheme to defraud that, in order to promote and benefit CITIZENS FOR RYAN and SCOTT FAWELL-supported campaign activities, defendant FAWELL, with the assistance of Richard Juliano and other agents of defendant CITIZENS FOR RYAN: 1) diverted SOS Office personnel and assets to benefit CITIZENS FOR RYAN; 2) authorized campaign activity on state time by certain SOS Office employees; and 3) provided SOS Office employees with promotions, pay raises, and other SOS Office employee benefits in return for the performance of campaign work.

**Campaign Efforts On Behalf of State Senator A**

7. State Senator A served in the Illinois Senate from approximately 1983 through 1998, and won a campaign for reelection in 1994.

8. It was further part of the scheme to defraud that, beginning in early 1994, defendant SCOTT FAWELL diverted SOS Office personnel and resources to assist the campaign and election efforts of State Senator A.

A. It was further part of the scheme to defraud that,

beginning in early 1994, defendant SCOTT FAWELL summoned various SOS Office employees, including Richard Juliano and others, to his SOS Office and directed them to perform campaign activities on behalf of State Senator A's March 1994 primary election campaign, including campaign activities on state time.

B. It was further part of the scheme to defraud that, from approximately February 1994 through mid-March 1994, SOS Office employees, including Richard Juliano, performed campaign activities at the direction of defendant SCOTT FAWELL on behalf of State Senator A, including campaign activities on state time.

C. It was further part of the scheme to defraud that, from approximately 1994 through 1998, defendant SCOTT FAWELL directed and authorized one of his SOS Office assistants ("SOS Office Employee A") to compile the regular campaign financial reports, including D-2 reports, and perform other related campaign services on behalf of State Senator A on state time using state resources.

#### **The 1994 Illinois Secretary of State Reelection Campaign**

9. After Secretary of State Ryan announced that he was running for reelection as Secretary of State in the 1994 election, defendant CITIZENS FOR RYAN conducted a statewide reelection campaign. On behalf of CITIZENS FOR RYAN, Richard Juliano served as the campaign manager for the 1994 reelection effort and reported to defendant SCOTT FAWELL, who remained on the SOS Office payroll.

10. It was further part of the scheme to defraud that defendants SCOTT FAWELL, Richard Juliano and other agents of CITIZENS FOR RYAN caused numerous SOS Office employees who agreed to participate in the 1994 reelection effort to routinely perform campaign work on state time (the "1994 Campaign Participants").

11. It was further part of the scheme to defraud that, in order to reduce the operating costs for defendant CITIZENS FOR RYAN during the 1994 reelection effort, defendant SCOTT FAWELL, with the assistance of Richard Juliano and other agents of CITIZENS FOR RYAN, caused the fraudulent diversion of SOS Office assets and resources to benefit CITIZENS FOR RYAN, thus causing the State of Illinois to incur costs on behalf of CITIZENS FOR RYAN and its campaign efforts.

12. It was further part of the scheme to defraud that defendant SCOTT FAWELL, with the assistance of Richard Juliano and other agents of CITIZENS FOR RYAN, unlawfully authorized the award of official SOS Office benefits to certain 1994 Campaign Participants as a reward for, and in connection with, their participation in the 1994 reelection effort.

A. It was further part of the scheme to defraud that, shortly after the successful 1994 reelection effort, defendant SCOTT FAWELL, with the assistance of Richard Juliano and other agents of CITIZENS FOR RYAN, arranged to meet and did meet individually with certain 1994 Campaign Participants and their

agents to discuss the award of official SOS Office employee benefits as a reward for their efforts on behalf of CITIZENS FOR RYAN.

B. It was further part of the scheme to defraud that, after meeting with certain 1994 Campaign Participants and their agents, defendant SCOTT FAWELL authorized the award of SOS Office employee benefits, in the form of raises and promotions, as a reward for their efforts on behalf of CITIZENS FOR RYAN.

C. It was further part of the scheme to defraud that, in order to reward certain 1994 Campaign Participants with official SOS Office benefits, defendant SCOTT FAWELL, with the assistance of other agents of CITIZENS FOR RYAN, caused the creation of false and misleading "justification" memos and other false and misleading internal SOS Office documents on behalf of certain 1994 Campaign Participants.

#### **Protecting The CITIZENS FOR RYAN-SOS Office Fundraising Apparatus**

13. It was further part of the scheme to defraud that, defendant SCOTT FAWELL, on behalf of CITIZENS FOR RYAN, mandated and enforced political fundraising "goals" for SOS Office departments to benefit CITIZENS FOR RYAN. As a result of defendant FAWELL's directives regarding fundraising activities, certain SOS Office supervisory employees directed and encouraged SOS Office employees, including employees in the Driver Services Department and Vehicle Services Department, to violate the law and SOS

policies and procedures to raise campaign funds to benefit CITIZENS FOR RYAN.

14. By December 1994, shortly after the 1994 reelection campaign, defendant SCOTT FAWELL and other high-ranking SOS Office officials were aware that agents of the IG Department had obtained information and made formal inquiries into alleged official misconduct involving fundraising improprieties and related matters pertaining to CITIZENS FOR RYAN, including the following:

A. In March 1993, IG Agents, coordinated by IG Agent One, conducted law enforcement activities relating to an IG Department investigation (#92 C 0141) into alleged official misconduct by employees of the Libertyville licensing facility. During the course of the investigation, IG Agent One and other IG Agents obtained evidence that the alleged official misconduct was motivated by sales of CITIZENS FOR RYAN fundraiser tickets by one or more SOS Office employees.

B. In April 1994, IG Agents, led by IG Agent Two and IG Agent Three, conducted law enforcement activities relating to an IG Department investigation (#94 C 0045) of official misconduct by an employee of the Naperville licensing facility. During the course of the investigation, IG Agent Two and IG Agent Three obtained information that the alleged official misconduct may have been motivated by sales of CITIZENS FOR RYAN fundraiser tickets by an SOS Office employee. On or about April 26, 1994 and then again on April 28, 1994, IG Agent Two was directed to provide and did

provide a summary of the investigation, which included the fundraiser ticket motive, to a high-ranking SOS Official.

C. In November 1994, IG Agent Two received information indicating that a truck driver involved in a fatal traffic incident may have obtained his CDL illegally at the McCook, Illinois driver's license facility, the same facility about which the IG Department had received recent allegations of license selling involving the McCook facility manager. On or about November 15, 1994, IG Agent Two communicated the information he had obtained regarding the trucker's procurement of the CDL to Inspector General Dean Bauer and requested permission to pursue the allegations. Inspector General Dean Bauer, in turn, notified other high-ranking SOS Office officials of the allegations, including officials in the SOS Department of Police.

15. It was further part of the scheme to defraud that, beginning in December 1994, defendant SCOTT FAWELL recommended terminating and reassigning certain IG Department employees, in order to discourage the investigation into improper political fundraising activities and related official misconduct benefitting defendant CITIZENS FOR RYAN.

16. It was further part of the scheme to defraud that defendant SCOTT FAWELL created and caused to be created written materials falsely justifying the decision to dismantle the IG Department based on budgetary cutbacks at the SOS Office, whereas in an internal SOS Office communication not intended for public

disclosure, defendant FAWELL articulated the intention to dismantle the IG Department based, at least in part, on preventing investigations into SOS Office fundraising activities to benefit CITIZENS FOR RYAN.

17. It was further part of the scheme to defraud that, in or about February 1995, defendant SCOTT FAWELL personally terminated IG Agent One, who led the Libertyville fundraising inquiry. In terminating IG Agent One, defendant SCOTT FAWELL falsely represented to IG Agent One that he and other IG Agents were being terminated due to the budgetary cutbacks, when in fact, a purpose of the termination was to protect fundraising activities engaged in by SOS Office employees on behalf of CITIZENS FOR RYAN from public exposure, administrative action and possible criminal prosecution.

18. It was further part of the scheme to defraud that, in or about June 1995, defendant SCOTT FAWELL caused the termination of IG Agent Two who had participated in the Naperville investigation and had made an inquiry into the fatal November 1994 incident. Defendant FAWELL also caused the reassignment of IG Agent Three, who participated in the Naperville fundraising ticket inquiry, and at least four other IG Agents to duties unrelated to the investigation of SOS Office employee misconduct. As a direct consequence of these employment actions, defendant SCOTT FAWELL disabled the IG Department from fulfilling its statutory duties to,



among other things, investigate all allegations of SOS Office employee misconduct.

19. It was further part of the scheme to defraud that, after the dismantling of the IG Department, defendant SCOTT FAWELL directed and advised the Inspector General to disregard issues relating to political fundraiser tickets by SOS Office employees in the course of internal IG Department investigations.

**The 1996 Presidential Primary Campaign**

20. Beginning in approximately the Spring of 1995, in conjunction with George Ryan's endorsement of a Republican presidential candidate, defendant SCOTT FAWELL, with the assistance of Richard Juliano and another agent of CITIZENS FOR RYAN, arranged for certain SOS Office employees to perform campaign activities on behalf of the Ryan-endorsed Republican presidential campaign (the "1995-96 presidential primary campaign").

A. It was further part of the scheme to defraud that, during the 1995-96 presidential primary campaign, defendant SCOTT FAWELL, with the assistance of Richard Juliano and other agents of CITIZENS FOR RYAN, authorized and otherwise encouraged SOS Office employees to perform campaign work on state time and to utilize state resources on behalf of the 1995-96 presidential primary campaign.

B. It was further part of the scheme to defraud that defendant SCOTT FAWELL conducted meetings with SOS Office employees

relating to the 1995-96 presidential primary campaign at the offices of CITIZENS FOR RYAN.

C. It was further part of the scheme to defraud that defendant SCOTT FAWELL arranged for certain agents of CITIZENS FOR RYAN, including Richard Juliano and another CITIZENS FOR RYAN agent, to be compensated relating to the 1996 presidential primary campaign by a company affiliated with Vendor A ("Company A"). The payments were made by Company A rather than by the presidential primary campaign, at least in part, to conceal from public disclosure the identities of SOS Office employees performing campaign activity, including campaign activity on state time. In order to further conceal the payments and in anticipation of receiving the payments, FAWELL received his payments in the name of his consulting company, SRF Consulting, which FAWELL created shortly before receipt of the first payment from Company A.

D. It was further part of the scheme to defraud that, from approximately the Fall of 1995 through approximately February 1996, defendant SCOTT FAWELL, Richard Juliano and another agent of CITIZENS FOR RYAN received a total of approximately \$30,000 in payments through Company A related to the 1995-96 presidential primary campaign.

**The 1996 Illinois House of Representative Races**

21. Pursuant to the Illinois Constitution, elections were held every two years for each seat in the Illinois House of Representatives. Thus, in 1996, all 118 Illinois House of Representative seats were up for election. For the purpose of maintaining a Republican majority in the House of Representatives, defendant SCOTT FAWELL, Richard Juliano and other agents of CITIZENS FOR RYAN agreed to assist the House Republican Campaign Committee, the umbrella political organization for Illinois House Republicans, in an effort to prevail in certain targeted campaigns, whose outcomes were expected to determine which political party would control the Illinois House of Representatives (the "House races").

22. It was further part of the scheme to defraud that, in or about the Summer of 1996, defendant SCOTT FAWELL gathered select SOS Office employees and volunteers of CITIZENS FOR RYAN at the CITIZENS FOR RYAN office for meetings. In meetings, FAWELL promised SOS Office work-related benefits and other compensation to numerous SOS Office employees as a reward for, and in connection with, their campaign efforts on behalf of the House races (the "1996 Campaign Coordinators").

A. It was further part of the scheme to defraud that, in approximately August through early November 1996, during the final stages of the House races, defendant SCOTT FAWELL and agents of CITIZENS FOR RYAN authorized and otherwise encouraged the 1996

Campaign Coordinators to perform campaign work on state time and to utilize state resources on behalf of the targeted campaigns.

B. It was further part of the scheme to defraud that SCOTT FAWELL and other agents of CITIZENS FOR RYAN caused the falsification of SOS Office records, including personnel records, state vehicle logs and mileage reimbursement forms, on behalf of certain 1996 Campaign Coordinators, in order to conceal the fact that they were performing campaign activity on state time.

C. It was further part of the scheme to defraud that defendant SCOTT FAWELL arranged for the 1996 Campaign Coordinators to be compensated for their campaign work by a company owned by Vendor A ("Company B"), at least in part, to conceal the participation of the 1996 Campaign Coordinators, who were SOS Office employees, routinely performing campaign work on state time.

D. It was further part of the scheme to defraud that, in or about October 1996, CITIZENS FOR RYAN made a \$100,000 loan to the House Republican Campaign Committee (the "October 1996 loan"). In or about September 1997, \$50,000 of the October 1996 loan was repaid to CITIZENS FOR RYAN and the remaining \$50,000 was forgiven by CITIZENS FOR RYAN.

E. It was further part of the scheme to defraud that, from approximately August 1996 through October 1996, defendant SCOTT FAWELL and selected 1996 Campaign Coordinators received a total of approximately \$100,000 from Company B for their campaign

work associated with the 1996 House races, including campaign work performed on state time by the 1996 Campaign Coordinators.

**The 1998 Illinois Gubernatorial Campaign**

23. In or about September 1997, Secretary Ryan announced that he was a candidate for the Office of Governor for the 1998 election. On behalf of CITIZENS FOR RYAN and beginning no later than February 1998, defendant FAWELL became the full-time campaign manager and was employed by CITIZENS FOR RYAN. Richard Juliano became the deputy campaign manager and was employed by CITIZENS FOR RYAN. On behalf of candidate Ryan, CITIZENS FOR RYAN engaged in a statewide campaign to elect Ryan as Governor of the State of Illinois.

24. It was further part of the scheme to defraud that, in or about October 1997, defendant SCOTT FAWELL arranged for Richard Juliano to obtain an SOS Office employment contract. At the time FAWELL procured the SOS Office employment contract for Juliano, Juliano performed little or no SOS Office work. Rather, FAWELL directed Juliano to perform campaign work on behalf of the 1998 gubernatorial campaign. As directed, from in or about October 1997 until in or about February 1998, Juliano performed principally campaign work under the SOS Office contract at FAWELL's direction, thus defrauding the state of his honest services.

25. It was part of the scheme to defraud that, in order to

reduce the payroll costs to defendant CITIZENS FOR RYAN, defendant SCOTT FAWELL, with the assistance of Richard Juliano and other agents for CITIZENS FOR RYAN, fraudulently diverted SOS Office personnel for campaign use, thus causing the state of Illinois to incur costs in order to benefit CITIZENS FOR RYAN and its campaign efforts.

A. It was further part of the scheme to defraud that, for periods beginning in approximately February 1998 through in or about August 1998, defendant SCOTT FAWELL, with the assistance of Richard Juliano and other agents of CITIZENS FOR RYAN, fraudulently obtained and caused to be obtained full-time CITIZENS FOR RYAN work from numerous SOS Office employees for particular time periods during the 1998 campaign, when these SOS Office employees remained on the SOS Office payroll on at least a part-time basis during those time periods (hereinafter, the "Diverted Employees"). The Diverted Employees were assigned to work at CITIZENS FOR RYAN offices in Chicago, Homewood and Springfield.

B. It was further part of the scheme that, in order to facilitate and conceal the campaign work by the Diverted Employees, defendant SCOTT FAWELL, with the assistance of Richard Juliano and other agents of CITIZENS FOR RYAN, caused and authorized the falsification of personnel records to reflect part-time SOS Office status for the Diverted Employees for particular time periods, when in fact, as defendant SCOTT FAWELL and Richard Juliano well knew,

they intended for the Diverted Employees to work full-time or virtually full-time and the Diverted Employees did in fact work full-time or virtually full-time for defendant CITIZENS FOR RYAN. As a result, the SOS Office incurred substantial portions of the salary and benefit expenses of the Diverted Employees.

C. It was further part of the scheme to defraud that, in order to facilitate the scheme, defendant SCOTT FAWELL, with the assistance of Richard Juliano and other agents of CITIZENS FOR RYAN, caused and directed certain Diverted Employees to falsify timesheets and other records to reflect time spent on duty at the SOS Office, when in fact, as defendant SCOTT FAWELL and Richard Juliano well knew, the Diverted Employees were working full-time or virtually full-time for CITIZENS FOR RYAN.

26. It was further part of the scheme to defraud that, in order to reduce the operating costs for defendant CITIZENS FOR RYAN, defendant SCOTT FAWELL, with the assistance of Richard Juliano and other agents of CITIZENS FOR RYAN, diverted SOS Office assets and resources to benefit CITIZENS FOR RYAN and took steps to conceal the Diverted Resources, thus causing the state of Illinois to incur costs on behalf of CITIZENS FOR RYAN (the "Diverted Resources").

A. It was further part of the scheme to defraud that, in and around early 1998, defendant SCOTT FAWELL, with the assistance of Richard Juliano and other agents of CITIZENS FOR RYAN, caused

SOS Office personnel to order and purchase quantities of office supplies and equipment with SOS Office funds in order that these assets be diverted for campaign use.

B. It was further part of the scheme to defraud that agents of CITIZENS FOR RYAN utilized state-issued vehicles, cell phones and other state-issued equipment to perform campaign work on behalf of CITIZENS FOR RYAN.

C. It was further part of the scheme to defraud that, in order to conceal the purchase and use of the Diverted Resources on behalf of defendant CITIZENS FOR RYAN, defendant SCOTT FAWELL and other agents of CITIZENS FOR RYAN forged and falsified documents relating to the purchase and use of the Diverted Resources and caused state identification tags to be removed from certain state-owned personal property prior to the property being diverted for the benefit of CITIZENS FOR RYAN.

27. It was further part of the scheme to defraud that, in addition to the Diverted Employees, defendant SCOTT FAWELL, with the assistance of Richard Juliano and other agents of CITIZENS FOR RYAN, authorized, encouraged and otherwise permitted additional full-time SOS Office employees to perform campaign work on state time on behalf of the 1998 gubernatorial campaign (the "1998 Campaign Volunteers").

A. It was further part of the scheme to defraud that, beginning in approximately the Spring of 1998, defendant SCOTT



FAWELL, with the assistance of Richard Juliano and other agents of CITIZENS FOR RYAN, directed SOS Office employees assigned to the Information Systems Department to install campaign computer systems, provide computer trouble shooting services and perform other computer services in Chicago and Springfield on state time on behalf of CITIZENS FOR RYAN.

B. It was further part of the scheme to defraud that, beginning in approximately the Spring of 1998 and continuing through early November 1998, an SOS Office administrator ("SOS Office Employee B"), at the direction of defendant SCOTT FAWELL and Richard Juliano, performed substantial amounts of campaign work from SOS Office Employee B's state office, in order to benefit CITIZENS FOR RYAN.

28. It was further part of the scheme to defraud that, in or about October 1998, defendant SCOTT FAWELL, with the assistance of Richard Juliano and other agents of CITIZENS FOR RYAN, caused the SOS Office to create SOS Office job positions and related SOS Office job descriptions in order to place numerous full-time CITIZENS FOR RYAN employees (the "1998 Campaign Employees") on the SOS Office payroll for approximately two months following the 1998 gubernatorial election.

29. It was further part of the scheme to defraud that defendant SCOTT FAWELL, with the assistance of Richard Juliano and other agents of CITIZENS FOR RYAN, provided SOS Office financial

benefits and other governmental pecuniary benefits to the 1998 Campaign Volunteers as a reward for, and in connection with, campaign efforts performed by SOS Office employees on behalf of the 1998 gubernatorial campaign, including SOS Office salary increases following the November 1998 gubernatorial campaign.

30. It was further part of the scheme to defraud that defendant CITIZENS FOR RYAN did not report to the Illinois State Board of Elections the benefits CITIZENS FOR RYAN obtained from the Diverted Employees, the 1998 Campaign Volunteers and the Diverted Resources on CITIZENS FOR RYAN's D-2 Reports for the relevant 1998 reporting periods.

**B. The Performance Of Official Actions By  
The SOS Office In Return For, And In  
Connection With, Campaign and Financial Benefits**

31. It was further part of the scheme to defraud that defendant SCOTT FAWELL performed and authorized the performance of official actions by the SOS Office in return for, and in connection with, pecuniary benefits and the promise of pecuniary benefits to defendants CITIZENS FOR RYAN and SCOTT FAWELL.

A. It was further part of the scheme to defraud that defendant SCOTT FAWELL authorized official actions by the SOS Office to benefit Vendor A in return for, and in connection with, campaign benefits and promises of campaign benefits to CITIZENS FOR RYAN, as well as financial benefits to defendant FAWELL.

i. It was further part of the scheme to defraud that, beginning in or about August 1994, defendant SCOTT FAWELL

authorized the award of contracts relating to the promotion and marketing of the Organ Donor Program, an SOS Office program designed to develop public awareness for the cause of organ donations, for the benefit of Vendor A (referred to herein as the "Vendor A Contracts"). In awarding the Vendor A Contracts beginning in 1994, defendant SCOTT FAWELL arranged for the contracts to be awarded in the name of a third party entity, in order to conceal Vendor A's participation in the contract. In return for, and in connection with, the award of the Vendor A Contracts, Vendor A agreed to raise campaign funds on behalf of CITIZENS FOR RYAN and to provide certain professional services to benefit CITIZENS FOR RYAN the value of which services and other things of value could have been used for the benefit of the State of Illinois in any one of a number of ways including negotiating a lower price for the contract.

ii. It was further part of the scheme to defraud that, in or about the Fall of 1996, Vendor A agreed to make \$100,000 in payments to the 1996 campaign coordinators from Company B, including \$10,000 to defendant SCOTT FAWELL through SRF Consulting, for campaign work performed on behalf of the 1996 House races, as alleged above. Shortly after the 1996 elections, in or about December 1996, defendant SCOTT FAWELL and another SOS Office official authorized the creation of an SOS Office position to

benefit Vendor A for the principal purpose of fraudulently enhancing Vendor A's state pension benefits.

iii. At the time of the creation of the SOS position on behalf of Vendor A, defendant FAWELL caused the creation of false and fraudulent personnel records indicating that hiring Vendor A was an "emergency" and necessary for a critical SOS Office project. Less than two months later, in or about February 1997, having done little or no work, but having qualified for the enhanced pension benefits, Vendor A resigned from the SOS Office position. In so doing and with defendant FAWELL's assistance and connivance, Vendor A falsely and fraudulently increased his annual state pension and thereby defrauded the state.

iv. It was further part of the scheme to defraud that, between at least 1991 and 1998, defendant FAWELL accepted and agreed to accept, free and heavily-subsidized vacations and related vacation benefits to Costa Rica; Door County, Wisconsin; and Lake Ontario, Canada, from Vendor A. Such benefits, which exceeded \$500 per year on certain trips for certain years, included the payment and partial payment of travel, lodging and personal service benefits, including prostitution services in Costa Rica, for the benefit of defendant FAWELL.

B. It was further part of the scheme to defraud that defendant SCOTT FAWELL authorized and facilitated the award of low-digit and specialty license plates, on certain occasions, in return

for, and in conjunction with, political contributions to CITIZENS FOR RYAN and a second political campaign fund ("Political Fund B").

32. It was further part of the scheme to defraud that, in order to conceal certain benefits conferred upon defendant SCOTT FAWELL by Vendor A, defendant SCOTT FAWELL failed to disclose those benefits on his federal income tax forms and Statement of Economic Interest forms as required by law.

**C. Destroying Documents and Computer Material Evidencing The Scheme**

33. It was further part of the effort to conceal the scheme that, during the 1998 gubernatorial campaign, defendant SCOTT FAWELL and other agents of CITIZENS FOR RYAN discarded and destroyed documents and computer material that reflected elements of the scheme to defraud, in the face of media scrutiny and state criminal investigations.

i. In or about late September 1998, defendant SCOTT FAWELL and other employees and agents of CITIZENS FOR RYAN learned that a television reporter was preparing to broadcast a news report indicating, among other things, that in conjunction with the 1996 House races and related campaign efforts, SOS Office employees and resources were improperly used and diverted for campaign purposes. On or about September 30, 1998, defendant SCOTT FAWELL and other agents of CITIZENS FOR RYAN directed a CITIZENS FOR RYAN employee working out of the Homewood office ("1998 Campaign Employee One") to destroy and discard certain documents

relevant to the media inquiry that were also relevant to a state criminal investigation.

ii. It was further part of the effort to conceal the scheme that, after receiving the FAWELL directive, 1998 Campaign Employee One directed the shredding and destruction of documents at the Homewood, Illinois CITIZENS FOR RYAN office late into the evening. Such shredded documents included SOS Office lists purloined by agents of CITIZENS FOR RYAN; SOS Office volunteer lists; documents tracking SOS Office volunteer participation, and other documents linking SOS Office employees to the 1998 campaign effort.

iii. It was further part of the effort to conceal the scheme that, after the shredding was complete, 1998 Campaign Employee One directed that the garbage bags full of shredded material be disposed of away from the CITIZENS FOR RYAN office in order that media and, potentially, law enforcement not learn of this destruction of documents.

iv. It was further part of the effort to conceal the scheme to defraud that, in or about September 1998, after learning of a state police criminal investigation into, among other things, diversion of state equipment for campaign benefit, defendant SCOTT FAWELL and other agents of CITIZENS FOR RYAN caused the use of computer "wiping" equipment to delete, from state computers, all files created by SOS Office employees that contained

campaign-related material. The purpose of the "wiping" was to conceal from criminal investigators the performance of campaign work by state compensated employees on state time and, more specifically, the use of state computers by SOS Office employees for campaign related activities.

## **II. Defendants' Obstruction Of Justice Offenses**

34. In September 1998, after defendant SCOTT FAWELL became aware of the federal criminal investigation, including the Grand Jury Investigation, defendant FAWELL and other agents of CITIZENS FOR RYAN destroyed, discarded, burned, removed and failed to preserve documents that were relevant and material to the Grand Jury Investigation.

35. On or about September 8, 1998, after learning of the existence of the federal criminal investigation, including the Grand Jury Investigation, defendant SCOTT FAWELL and other agents of CITIZENS FOR RYAN directed SOS Office employees to destroy and remove campaign related documents from the SOS Offices in Chicago.

A. In anticipation of further federal criminal investigative actions after September 3, 1998, defendant FAWELL directed an SOS Office official (hereinafter "SOS Employee C") located in the Chicago executive offices of the SOS, to collect, shred and otherwise discard documents on SOS Office premises. Such shredded and destroyed documents were relevant and material to the Grand Jury Investigation and included campaign related financial

reports, low-digit license plate requests, candidate schedules, campaign press releases, computer files, volunteer information and other campaign related information created and maintained by SOS Office employees.

B. After the shredding was complete, SOS Office Employee C directed that the area around the shredder be cleaned up in order that law enforcement not learn of this destruction of documents. Furthermore, another SOS Office employee transported the numerous garbage bags full of shredded material away from the SOS Office in order that federal law enforcement not learn of this destruction of documents.

36. In or about September 1998, after learning of the existence of the federal criminal investigation, including the Grand Jury Investigation, defendant SCOTT FAWELL directed CITIZENS FOR RYAN employees and agents to destroy and remove campaign related documents located in the CITIZENS FOR RYAN offices in Springfield. In response to that directive, employees of CITIZENS FOR RYAN shredded, burned and otherwise discarded documents that were relevant and material to the Grand Jury Investigation, including documents relating to SOS Office employee fundraising and various SOS Office volunteer efforts related to the 1998 campaign.

37. In or about September 1998, after learning of the existence of the federal criminal investigation, including the Grand Jury Investigation, defendant SCOTT FAWELL directed and



caused other agents of CITIZENS FOR RYAN to discard and remove documents from the CITIZENS FOR RYAN offices in Chicago that were relevant and material to the Grand Jury Investigation, and responsive to the September 8, 1998 grand jury subpoena. In addition, in response to the federal criminal investigation and the September 8, 1998 grand jury subpoena, defendant FAWELL took no efforts to preserve relevant and material documents and, instead, altered existing document retention policies so as to prevent the communication of material documents to the SPECIAL JUNE 1997 Grand Jury. Such discarded documents included documents relating to SOS Office employee fundraising and other matters then under investigation by the Grand Jury.

38. On or about October 13, 1998, defendant SCOTT FAWELL, as custodian of records for CITIZENS FOR RYAN, knowingly made false and misleading statements to the SPECIAL JUNE 1997-2 grand jury investigating improper conduct by SOS Office and agents of CITIZENS FOR RYAN. In particular, FAWELL provided false and misleading statements under oath to a federal grand jury regarding, among other things, his knowledge of and involvement with political fundraising activities by SOS Office employees.

39. In or about October 1999, defendant SCOTT FAWELL caused others, including a former CITIZENS FOR RYAN employee, to shred, burn, destroy and otherwise dispose of documents and to attempt to destroy a computer "zip drive" containing information relevant and

material to the Grand Jury Investigation, including numerous documents that revealed portions of the scheme.

**THE PATTERN OF RACKETEERING ACTIVITY**

40. The pattern of racketeering activity, as defined in Title 18, United States Code, Sections 1961(1) and 1961(5), consisted of the following acts:

**Racketeering Acts Related To Scheme To Defraud**

Racketeering Act #1

Racketeering Act #1 consists of the following racketeering acts set forth in subparagraphs (a) and (b) below, either one of which alone constitutes the commission of Racketeering Act #1.

(a) In or about August 1994, in Chicago, in the Northern District of Illinois, Eastern Division, and elsewhere,

SCOTT R. FAWELL and  
CITIZENS FOR RYAN

defendants herein, attempted to commit extortion, which attempted extortion obstructed, delayed and affected commerce, in that defendant SCOTT FAWELL agreed to obtain property, in the form of political funds raised through Vendor A for the benefit of CITIZENS FOR RYAN, with Vendor A's consent induced under color of official right. In return for the promise of political funds raised through Vendor A for and on behalf of CITIZENS FOR RYAN, defendant SCOTT FAWELL arranged for Vendor A to obtain the Vendor A Contracts from the SOS Office in the name of a third party entity.

In violation of Title 18, United States Code, Sections 1951 and 2.

(b) On or about October 2, 1994, at Chicago Heights, in the Northern District of Illinois, Eastern Division,

SCOTT R. FAWELL and  
CITIZENS FOR RYAN

defendants herein, for the purpose of executing the aforesaid scheme, and attempting to do so, did knowingly cause to be deposited in an authorized depository for mail matter and to be sent and delivered by mail according to the direction thereon an envelope containing a state of Illinois check in the amount of \$114,500 for payment relating to the Vendor A Contracts and addressed to:

Grafcom Corporation  
1717 East End Avenue  
Chicago Heights, IL 60411

In violation of Title 18, United States Code, Sections 1341, 1346 and 2.

Racketeering Act #2

On or about June 21, 1995, at Joliet, in the Northern District of Illinois, Eastern Division,

SCOTT R. FAWELL and  
CITIZENS FOR RYAN,

defendants herein, for the purpose of executing the aforesaid scheme, and attempting to do so, did knowingly cause to be delivered by private or commercial interstate carrier according to

the direction thereon a package containing layoff notification and reassignment information to:

IG Agent Two  
Chicago, IL

In violation of Title 18, United States Code, Sections 1341, 1346 and 2.

Racketeering Act #3

The defendants committed the following acts, either one of which alone constitutes the commission of Racketeering Act #3.

(a) On or about May 2, 1996, at Chicago, in the Northern District of Illinois, Eastern Division,

SCOTT R. FAWELL and  
CITIZENS FOR RYAN

defendants herein, together with Larry Hall and others known and unknown to the Grand Jury, committed bribery, in violation of 720 ILCS 5/33-1 (d), in that defendant FAWELL received, retained and agreed to accept property, namely campaign contributions to CITIZENS FOR RYAN, through Larry Hall, which he was not authorized by law to accept, knowing that the property was promised and tendered with the intent to cause defendant FAWELL to influence the performance of acts related to his employment as SOS Office Chief of Staff, namely, causing the issuance of a low-digit plate to Requestor A.

(b) On or about May 2, 1996, at Chicago, in the Northern District of Illinois, Eastern Division,

SCOTT R. FAWELL and  
CITIZENS FOR RYAN

defendants herein, together with Larry Hall and others known and unknown to the Grand Jury, committed official misconduct, and solicited, aided and abetted the commission of this offense, in violation of 720 ILCS 5/33-3(c), in that FAWELL, with the intent to obtain a personal advantage for CITIZENS FOR RYAN, that is, a CITIZENS FOR RYAN campaign contribution, performed acts as SOS Office Chief of Staff in excess of his lawful authority, namely causing the issuance of a low-digit plate to Requestor A in return for a CITIZENS FOR RYAN campaign contribution.

Racketeering Act #4

The defendants committed the following acts, either one of which alone constitutes the commission of Racketeering Act #4.

(a) On or about September 17, 1996, at Chicago, in the Northern District of Illinois, Eastern Division,

SCOTT R. FAWELL,

defendant herein, together with Larry Hall and others known and unknown to the Grand Jury, committed bribery, in violation of 720 ILCS 5/33-1 (d), in that defendant FAWELL received, retained and agreed to accept property, namely campaign contributions to a campaign committee, through Larry Hall, which he was not authorized by law to accept, knowing that the property was promised and tendered with the intent to cause defendant FAWELL to influence the performance of acts related to his employment as SOS Office Chief

of Staff, namely, causing the issuance of a low-digit plate to Requestor B.

(b) On or about September 17, 1996, at Chicago, in the Northern District of Illinois, Eastern Division,

SCOTT R. FAWELL,

defendant herein, together with Larry Hall and others known and unknown to the Grand Jury, committed official misconduct, and solicited, aided and abetted the commission of this offense, in violation of 720 ILCS 5/33-3(c), in that FAWELL, with the intent to obtain a personal advantage for another, that is, a campaign contribution to a campaign committee, performed acts as SOS Office Chief of Staff in excess of his lawful authority, namely causing the issuance of a low-digit plate to Requestor B in return for and in exchange for a campaign contribution to Political Committee B.

Racketeering Act #5

On or about October 16, 1996, at Galva, in the Central District of Illinois,

SCOTT FAWELL,

defendant herein, for the purpose of executing the aforesaid scheme, and attempting to do so, did knowingly cause to be deposited in an authorized depository for mail matter and to be sent and delivered by mail according to the direction thereon an envelope containing a mileage reimbursement request and addressed to:

Secretary of State  
Vehicle Services Department

Room 461  
Howlett Building  
Springfield, Illinois 62756

In violation of Title 18, United States Code, Sections 1341,  
1346 and 2.

Racketeering Act #6

On or about October 28, 1996, at Bridgeview, in the Northern  
District of Illinois, Eastern Division,

SCOTT R. FAWELL and  
CITIZENS FOR RYAN

defendants herein, for the purpose of executing the aforesaid  
scheme, and attempting to do so, did knowingly cause to be  
deposited in an authorized depository for mail matter and to be  
sent and delivered by mail according to the direction thereon an  
envelope containing a check from Company B to a 1996 campaign  
coordinator and addressed to:

1996 Campaign Employee One  
Bloomington, IL

In violation of Title 18, United States Code, Sections 1341,  
1346 and 2.

Racketeering Act #7

On or about October 28, 1996, at Bridgeview, in the Northern  
District of Illinois, Eastern Division,

SCOTT R. FAWELL and  
CITIZENS FOR RYAN

defendant herein, for the purpose of executing the aforesaid scheme, and attempting to do so, did knowingly cause to be deposited in an authorized depository for mail matter and to be sent and delivered by mail according to the direction thereon an envelope containing a check from Company B to a 1996 campaign coordinator and addressed to:

1996 Campaign Employee Two  
Riverton, IL

In violation of Title 18, United States Code, Sections 1341, 1346 and 2.

Racketeering Act #8

On or about October 28, 1996, at Bridgeview, in the Northern District of Illinois, Eastern Division,

SCOTT R. FAWELL, and  
CITIZENS FOR RYAN

defendant herein, for the purpose of executing the aforesaid scheme, and attempting to do so, did knowingly cause to be deposited in an authorized depository for mail matter and to be sent and delivered by mail according to the direction thereon an envelope containing a check to a 1996 campaign coordinator from Company B and addressed to:

1996 Campaign Employee Three  
Galva, IL

In violation of Title 18, United States Code, Sections 1341, 1346 and 2.

Racketeering Act #9



On or about January 31, 1998, at Chicago, in the Northern District of Illinois, Eastern Division,

SCOTT R. FAWELL and  
CITIZENS FOR RYAN,

defendants herein, for the purpose of executing the aforesaid scheme, and attempting to do so, did knowingly cause to be deposited in an authorized depository for mail matter an envelope containing a \$2,500 check relating to the SOS Office employment of Richard Juliano and addressed to:

Richard Juliano  
Park Ridge, IL

In violation of Title 18, United States Code, Sections 1341, 1346 and 2.

Racketeering Act #10

On or about March 31, 1998, in Chicago, in the Northern District of Illinois, Eastern Division, and Springfield, Illinois,

SCOTT R. FAWELL and  
CITIZENS FOR RYAN,

defendants herein, for the purpose of executing the aforesaid scheme, and attempting to do so, knowingly did cause to be placed in the United States mail, to be delivered by the United States Postal Service according to the directions thereon, an envelope addressed to:

Office Furniture Warehouse  
P.O. Box 668  
Springfield, IL 62705

which envelope contained an SOS Office check, which represented payment for the industrial shredder diverted to the CITIZENS FOR RYAN campaign.

In violation of Title 18, United States Code, Sections 1341, 1346 and 2.

Racketeering Act #11

On or about April 13, 1998, at Chicago, in the Northern District of Illinois, Eastern Division,

SCOTT R. FAWELL and  
CITIZENS FOR RYAN,

defendants herein, for the purpose of executing the aforesaid scheme, and attempting to do so, did knowingly cause to be deposited in an authorized depository for mail matter an envelope containing a state of Illinois check for payment of office supplies and addressed to:

Boise Cascade  
P.O. Box 92735  
Chicago, IL 60675-2735

In violation of Title 18, United States Code, Sections 1341, 1346 and 2.

Racketeering Act #12

On or about May 5, 1998, in Chicago, in the Northern District of Illinois, Eastern Division, and Springfield, Illinois,

SCOTT R. FAWELL and  
CITIZENS FOR RYAN,

defendants herein, for the purpose of executing the aforesaid scheme, and attempting to do so, knowingly did cause to be placed in the United States mail, to be delivered by the United States Postal Service according to the directions thereon, an envelope addressed to:

Beatty Televisual Inc.  
1287 Wabash Ave.  
Springfield, IL 62704

which envelope contained an SOS Office check, which represented payment for a television set and VCR combination unit diverted to the CITIZENS FOR RYAN campaign.

In violation of Title 18, United States Code, Sections 1341, 1346 and 2.

Racketeering Act #13

On or about July 30, 1998, at Chicago, in the Northern District of Illinois, Eastern Division,

SCOTT R. FAWELL and  
CITIZENS FOR RYAN,

defendants herein, for the purpose of executing the aforesaid scheme, and attempting to do so, did cause to be deposited in an authorized depository for mail matter an envelope containing an executed lease agreement relating to parking spaces located at 177 N. Wells, Chicago, and addressed to:

Mr. James Doria  
General Parking Corporation  
111 West Jackson Blvd. Ste. 1900  
Chicago, IL 60607

In violation of Title 18, United States Code, Sections 1341, 1346 and 2.

Racketeering Act #14

On or about June 11, 1998, at Chicago, in the Northern District of Illinois, Eastern Division,

SCOTT R. FAWELL and  
CITIZENS FOR RYAN,

defendants herein, for the purpose of executing the aforesaid scheme, and attempting to do so, did knowingly cause to be deposited in an authorized depository for mail matter an envelope containing a salary earnings statement and addressed to:

Diverted Employee One  
Homewood, IL

In violation of Title 18, United States Code, Sections 1341, 1346 and 2.

Racketeering Act #15

On or about June 26, 1998, at Chicago, in the Northern District of Illinois, Eastern Division,

SCOTT R. FAWELL and  
CITIZENS FOR RYAN,

defendants herein, for the purpose of executing the aforesaid scheme, and attempting to do so, did knowingly cause to be deposited in an authorized depository for mail matter an envelope containing a salary earnings statement and addressed to:

Diverted Employee Two  
Springfield, IL

In violation of Title 18, United States Code, Sections 1341, 1346 and 2.

Racketeering Act #16

On or about August 4, 1998, at Chicago, in the Northern District of Illinois, Eastern Division,

SCOTT R. FAWELL and  
CITIZENS FOR RYAN,

defendants herein, for the purpose of executing the aforesaid scheme, and attempting to do so, did knowingly cause to be delivered by private or commercial interstate carrier according to the direction thereon a State of Illinois check relating to the purchase of copier paper and addressed to:

Atlas Stationers  
227 W. Lake Street  
Chicago, IL 60606

In violation of Title 18, United States Code, Sections 1341, 1346 and 2.

**Racketeering Acts Related To Obstruction Of Justice**

Racketeering Act #17

The defendants committed the following acts, either one of which alone constitutes the commission of Racketeering Act #17.

(a) On or about September 8, 1998, in Chicago, Illinois, Northern District of Illinois, Eastern Division,

SCOTT R. FAWELL and  
CITIZENS FOR RYAN,

defendants herein, corruptly persuaded another person, with intent to cause and induce any person to destroy and conceal an object with intent to impair the object's integrity and availability for use in an official proceeding, namely, that defendant SCOTT FAWELL, on behalf of CITIZENS FOR RYAN, directed SOS Office employees to destroy and remove campaign related documents from the SOS Offices in Chicago. In response to that directive, employees of the SOS Office, including SOS Office Employee C, collected and then shredded and otherwise discarded documents relevant and material to the Grand Jury Investigation.

In violation of Title 18, United States Code, Sections 1512(b)(2)(B) and 2.

(b) On or about September 8, 1998, in Chicago, Illinois, Northern District of Illinois, Eastern Division,

SCOTT R. FAWELL and  
CITIZENS FOR RYAN,

defendants herein, corruptly influenced, obstructed and impeded and endeavored to influence, obstruct, and impede the due administration of justice; namely, that SCOTT FAWELL, on behalf of CITIZENS FOR RYAN, directed SOS Office employees to destroy and remove campaign related documents from the SOS Offices in Chicago. In response to that directive, employees of the SOS Office, including SOS Office Employee C, collected and then shredded and

otherwise discarded documents relevant and material to the Grand Jury Investigation.

In violation of Title 18, United States Code, Sections 1503(a) and 2.

Racketeering Act #18

The defendants committed the following acts, either one of which alone constitutes the commission of Racketeering Act #18.

(a) In or about September 1998, in Chicago, Illinois, Northern District of Illinois, Eastern Division, and elsewhere,

SCOTT R. FAWELL and  
CITIZENS FOR RYAN,

defendants herein, corruptly persuaded another person, with intent to cause and induce any person to destroy and conceal an object, with intent to impair the object's integrity and availability for use in an official proceeding, namely, defendant SCOTT FAWELL, on behalf of CITIZENS FOR RYAN, directed and caused the removal, discarding and destruction of campaign-related documents at CITIZENS FOR RYAN Offices in Chicago and Springfield. Such actions included the discarding of documents responsive and relevant to a September 8, 1998 grand jury subpoena and otherwise altering existing document retention policies so as to prevent the communication of responsive documents to the SPECIAL JUNE 1997 GRAND JURY.

In violation of Title 18, United States Code, Sections 1512 (b)(2)(B) and 2.

(b) In or about September 1998, in Chicago, Illinois, Northern District of Illinois, Eastern Division, and elsewhere,

SCOTT R. FAWELL and  
CITIZENS FOR RYAN,

defendants herein, corruptly influenced, obstructed and impeded and endeavored to influence, obstruct, and impede the due administration of justice; namely, that SCOTT FAWELL, on behalf of CITIZENS FOR RYAN, directed and caused the removal, discarding and destruction of campaign-related documents at CITIZENS FOR RYAN Offices in Chicago and Springfield. Such actions included the discarding of documents responsive and relevant to a September 8, 1998 grand jury subpoena and otherwise altering existing document retention policies so as to prevent the communication of responsive documents to the SPECIAL JUNE 1997 GRAND JURY.

In violation of Title 18, United States Code, Sections 1503(a) and 2.

Racketeering Act #19

On or about October 13, 1998, in Chicago, Illinois, Northern District of Illinois, Eastern Division,

SCOTT R. FAWELL and  
CITIZENS FOR RYAN,

defendants herein, corruptly influenced, obstructed and impeded and endeavored to influence, obstruct, and impede the due



administration of justice; namely, that SCOTT FAWELL, on behalf of CITIZENS FOR RYAN, knowingly made false and misleading statements to the SPECIAL JUNE 1997-2 grand jury investigating, among other things, improper conduct by SOS Office and CITIZENS FOR RYAN employees. In particular, FAWELL provided false and misleading statements under oath to a federal grand jury regarding, among other things, his knowledge of and involvement with political fundraising activities by SOS Office employees.

In violation of Title 18, United States Code, Section 1503 (a).

Racketeering Act #20

The defendants committed the following acts, either one of which alone constitutes the commission of Racketeering Act #20.

(a) In or about October 1999, in Chicago and Mundelein, Illinois, Northern District of Illinois, Eastern Division,

SCOTT R. FAWELL and  
CITIZENS FOR RYAN,

defendants herein, corruptly persuaded another person, with intent to cause and induce any person to destroy and conceal an object, with intent to impair the object's integrity and availability for use in an official proceeding, namely, defendant SCOTT FAWELL, on behalf of CITIZENS FOR RYAN, directed and caused the shredding, burning, disposal, and destruction of documents and attempted destruction of a computer "zip drive" containing information relevant and material to the Grand Jury Investigation.

In violation of Title 18, United States Code, Sections 1512  
(b)(2)(B) and 2.

(b) In or about October 1999, in Chicago and Mundelein,  
Illinois, Northern District of Illinois, Eastern Division,

SCOTT R. FAWELL and  
CITIZENS FOR RYAN,

defendants herein, corruptly influenced, obstructed and impeded and  
endeavored to influence, obstruct, and impede the due  
administration of justice; namely, that SCOTT FAWELL, on behalf of  
CITIZENS FOR RYAN, directed and caused the shredding, burning,  
disposal, and destruction of documents and attempted destruction of  
a computer "zip drive" containing information relevant and material  
to the Grand Jury Investigation.

In violation of Title 18, United States Code, Sections 1503(a)  
and 2.

All in violation of Title 18, United States Code, Section  
1962(c).

COUNT TWO

1. The allegations in paragraphs 1 and 23-30 of Count One of this indictment are hereby realleged and incorporated herein as if fully set forth herein.

2. On or about March 31, 1998, in Chicago, in the Northern District of Illinois, Eastern Division, and Springfield, Illinois,

SCOTT R. FAWELL,  
CITIZENS FOR RYAN, and  
RICHARD JULIANO

defendants herein, for the purpose of executing the aforesaid scheme to obtain money and property by means of materially false and fraudulent pretenses, representations and promises, and attempting to do so, knowingly did cause to be placed in the United States mail, to be delivered by the United States Postal Service according to the directions thereon, an envelope addressed to:

Office Furniture Warehouse  
P.O. Box 668  
Springfield, IL 62705

which envelope contained an SOS Office check, which represented payment for the industrial shredder diverted to the CITIZENS FOR RYAN campaign.

In violation of Title 18, United States Code, Sections 1341, 1346 and 2.

**COUNT THREE**

1. The allegations in paragraphs 1 and 23-30 of Count One of this indictment are hereby realleged and incorporated herein as if fully set forth herein.

2. On or about January 31, 1998, at Chicago, in the Northern District of Illinois, Eastern Division,

SCOTT R. FAWELL and  
CITIZENS FOR RYAN

defendants herein, for the purpose of executing the aforesaid scheme to obtain money and property by means of materially false and fraudulent pretenses, representations and promises, and attempting to do so, did knowingly cause to be deposited in an authorized depository for mail matter an envelope containing a \$2,500 check payable to Richard Juliano relating to an SOS Office employment contract for Richard Juliano and addressed to:

Richard Juliano  
Park Ridge, IL

In violation of Title 18, United States Code, Sections 1341, 1346 and 2.

COUNT FOUR

1. The allegations in paragraphs 1 and 23-30 of Count One of this indictment are hereby realleged and incorporated herein as if fully set forth herein.

2. From in or about November 1997 through in or about November 1998, at Chicago and elsewhere in the Northern District of Illinois, Eastern Division, and Springfield, Illinois, in the Central District of Illinois, and elsewhere,

SCOTT R. FAWELL,

defendant herein, being an agent of a State government and agency thereof that received, in a one-year period, benefits in excess of \$10,000 under a Federal program, did embezzle, steal, and obtain by fraud, and otherwise without authority, knowingly convert to the use of any person other than the rightful owner, and intentionally misapply property, namely SOS Office personnel, assets and resources, such property that is valued at \$5,000 or more and was owned by and under the care, custody and control of the SOS Office;

In violation of Title 18, United States Code, Sections 666(a)(1)(A) and 2.

**COUNT FIVE**

1. The allegations in paragraph 1 of Count One of this indictment are hereby realleged and incorporated herein as if fully set forth herein.

2. Beginning in or around September 3, 1998, and continuing until at least in or about October 1999, in the Northern District of Illinois, Eastern Division, and elsewhere,

SCOTT FAWELL,  
and CITIZENS FOR RYAN,

defendants herein, and others, did conspire with each other and others known and unknown to the Grand Jury, to commit an offense against the United States, namely, corruptly persuading another person, with intent to cause and induce any person to destroy and conceal an object with intent to impair the object's integrity and availability for use in an official proceeding, in violation of Title 18, Section 1512(b)(2)(B).

3. It was part of the conspiracy that, after learning of the federal law enforcement actions of September 3, 1998, and the Grand Jury Investigation, defendant SCOTT FAWELL, as campaign manager for CITIZENS FOR RYAN, and other agents of CITIZENS FOR RYAN agreed to direct, and did direct other SOS Office employees to destroy and remove campaign related documents from the SOS Offices in Chicago.

4. It was further part of the conspiracy that, after learning of the federal law enforcement actions of September 3, 1998, and the federal criminal investigation, including the Grand

Jury Investigation, defendant SCOTT FAWELL, as campaign manager for CITIZENS FOR RYAN, and other agents of CITIZENS FOR RYAN agreed to direct, and did direct, the destruction and removal of campaign related documents at the CITIZENS FOR RYAN offices in Springfield.

6. It was further part of the conspiracy that, in or about September 1998, after defendant SCOTT FAWELL learned of the existence of the federal criminal investigation, including the Grand Jury Investigation, defendant FAWELL and other agents of CITIZENS FOR RYAN failed to preserve any potentially relevant documents and agreed to discard, and did discard, documents responsive and relevant to a September 8, 1998 grand jury subpoena and did otherwise alter existing document retention policies so as to prevent the communication of material documents to the SPECIAL JUNE 1997 Grand Jury.

7. It was further part of the conspiracy that, in or about October 1999, defendant SCOTT FAWELL and other agents of CITIZENS FOR RYAN agreed to direct and participate in the destruction and attempted destruction of documents and computer-related information relevant and material to the Grand Jury Investigation.

8. It was further part of the conspiracy that defendants would and did misrepresent, conceal and hide, and cause to be misrepresented, concealed and hidden, the acts and the purpose of the acts done in furtherance of the conspiracy.

#### Overt Acts

9. In furtherance of the conspiracy and to effect the unlawful objects of the conspiracy, defendant SCOTT FAWELL, and others, on behalf of CITIZENS FOR RYAN, committed and caused to be committed the following overt acts, among others, in the Northern District of Illinois and elsewhere:

A. After learning of the federal criminal investigation, including the Grand Jury Investigation, defendant SCOTT FAWELL, as campaign manager for CITIZENS FOR RYAN, directed another SOS Office employee ("SOS Employee C") to coordinate the destruction and removal of campaign related documents at the SOS Offices in Chicago;

B. In or about September 1998, after learning of the federal criminal investigation, including the Grand Jury Investigation, defendant SCOTT FAWELL, as campaign manager for CITIZENS FOR RYAN, directed the destruction and removal of campaign related documents at the CITIZENS FOR RYAN offices in Springfield.

C. In or about October 1998, after learning of the existence of a federal criminal investigation, including the Grand Jury Investigation, defendant SCOTT FAWELL caused and directed employees and agents of CITIZENS FOR RYAN to destroy and discard documents responsive and relevant to a September 8, 1998 grand jury subpoena and to otherwise alter existing document retention policies so as to prevent the communication of relevant and material documents to the SPECIAL JUNE 1997 Grand Jury.



D. On or about October 13, 1998, defendant SCOTT FAWELL, as custodian of records for CITIZENS FOR RYAN, provided false and misleading testimony before the SPECIAL JUNE 1997-2 Grand Jury on material matters.

E. In or about October 1999, defendant SCOTT FAWELL and other agents of CITIZENS FOR RYAN directed and participated in the destruction and attempted destruction of documents and computer-related information relevant and material to the federal criminal investigation and the Grand Jury Investigation.

In violation of Title 18, United States Code, Sections 371 and 2.

**COUNT SIX**

1. The allegations in paragraph 1 of Count One of this indictment are hereby realleged and incorporated herein as if fully set forth herein.

2. The SPECIAL JUNE 1997 GRAND JURY, in connection with Grand Jury Investigation No. 98 GJ 596, was conducting an investigation into possible violations of Title 18, United States Code, Sections 1962, 1951, 1341, 1346, 666, among other violations of federal law.

3. The following matters were material to the Grand Jury Investigation:

i. Whether SOS Office employees engaged in official misconduct pertaining to the improper issuance of CDLs or DLs, in return for, and in conjunction with, bribes paid to SOS Office employees, including bribes paid in the form of the sale or purchase of CITIZENS FOR RYAN fundraiser tickets;

ii. Whether supervisory SOS Office employees imposed fundraising quotas or goals, or otherwise encouraged, required or advocated the distribution and sale of CITIZENS FOR RYAN fundraiser tickets by SOS Office employees.

iii. Whether SOS Office employees conducted campaign related activities, including the sale of fundraiser tickets, on state time;

iv. Whether SOS Office employees who sold fundraising tickets or otherwise agreed to participate in CITIZENS

FOR RYAN "field operations" received SOS Office and job-related financial benefits as a result of their participation in the campaign activities;

v. Whether fundraising ticket records, including records relating to SOS Office employee participation in the fundraising process, had been retained by defendant SCOTT FAWELL and CITIZENS FOR RYAN or agents of CITIZENS FOR RYAN;

4. On or about October 13, 1998, at Chicago, in the Northern District of Illinois, Eastern Division,

SCOTT FAWELL,  
defendant herein, was placed under oath before testifying and was advised that his testimony was subject to the penalties of perjury before the SPECIAL JUNE 1997 GRAND JURY in connection with Grand Jury Investigation No. 98 GJ 596:

5. The defendant having been first duly sworn to tell the truth, and being under oath, knowingly did make false material declarations as follows:

\* \* \* \*

Q: Now with respect to the other information that was requested, namely, and let me just put Fawell No. 2 in front of you, which is a copy of that first subpoena, with respect to the request for number one, that is, documents pertaining to fundraising tickets distributed, and then a further qualification, such documents to include inventories of tickets given to facility managers

whether a CDL facility or not for any such Ryan fundraiser, and any accounting relating to sales of such tickets. Are you aware, Mr. Fawell, whether Citizens For Ryan has any documents responsive to that request.

A: No we don't. We don't keep fundraising documents for a very long period of time after the event is over.

\* \* \* \*

Q: Did you request Mr. Chamness to keep his records?

A: Yes. I requested the three big departments to keep their records, because most of the smaller ones don't have any.

Q: Have you ever asked Mr. Chamness, or words to this effect, Mike, do we give these tickets to facility managers? Have you made that inquiry?

A: No. I always assumed that they might distribute them in some fashion. No, I never get into questioning what anybody does with tickets. I leave that in their hands, they know you know-

\* \* \* \*

Q: Are you aware of any policy where managers are requested to take tickets, sell tickets or are required or in any way implicitly required to sell tickets?

A: No. How we have always operated, we give employees the opportunity to participate in one event in Chicago and one event in Springfield only.

Q: When you say opportunity to participate, what does that mean?

A: Well, historically I guess its always been, you know, it was that way under Jim Edgar, it was that way under Alan Dixon. There's one event that they have the opportunity to participate.

Q: And again what do you mean by opportunity to participate. Tell me what that means.

A: It just means they know I guess in the Spring event in Chicago and in the downstate event in the Fall that that's the event they usually go to.

Q: Does the opportunity to participate extend to them selling tickets?

A: I don't know that.

\* \* \* \*

Q: Do you have a quota system for your directors to sell a specific number of tickets?

A: No, I think they request--and that would be more of a Susan question I guess. They ask, you know they pick up whatever they deem that they think they can sell. Do we sit there and say you sell this many, you sell that many, no. I mean I guess from our standpoint, and I'll speak for George a little bit on this one, I mean we've always--obviously running for public office costs money but we never want anybody to feel pressured to do anything. It's not worth it to us. We raise a lot of

money outside of employee giving. That's not what funds this campaign. So you know he wouldn't want it, I wouldn't want it, it's just not worth it to us. And I would hope nobody has ever given the feeling they have to, or sold a ticket feeling they have to. You know, I can't guarantee that because I don't know 3,800 employees and what their motives are and who they are. So I would hope you know from a standpoint of just the way George feels about it, and the way I feel about it, I would hope they don't.

WHEREAS, in truth and fact, as defendant SCOTT FAWELL then well knew: 1) CITIZENS FOR RYAN did maintain certain records from the Spring and Fall political fundraisers relating to SOS Office department participation, even after defendant FAWELL caused responsive fundraising records to be discarded and destroyed following the commencement of the Grand Jury Investigation; 2) FAWELL never requested SOS Office employee Mike Chamness or other department heads of the biggest departments to keep fundraising records; 3) FAWELL was aware that employees were directed and encouraged to sell fundraising tickets; 4) FAWELL was aware of a goal or quota system of the SOS department directors, in which defendant FAWELL established and closely monitored fundraising activities engaged in by SOS Office directors. Further, beginning no later than 1993, FAWELL had personal knowledge of the systematic distribution of fundraising tickets to SOS Office employees, including department directors; advocated for ways to encourage and

pressure SOS Office employees to sell fundraising tickets; and discouraged fundraising ticket inquiries by the IG Department.

In violation of Title 18, United States Code, Section 1623.

COUNT SEVEN

The SPECIAL JULY 2000-2 GRAND JURY further charges:

1. The allegations in paragraph 1 of Count One of this indictment are hereby realleged and incorporated herein as if fully set forth herein.

2. On or about April 15, 1996, in the Northern District of Illinois, Eastern Division,

SCOTT R. FAWELL,

defendant herein, a resident of St. Charles, Illinois, willfully made and subscribed, and caused to be made and subscribed, a joint United States Individual Income Tax Return (Form 1040 with schedules and attachments) for the calendar year 1995, which return was verified by a written declaration that it was made under the penalties of perjury, and filed with the Internal Revenue Service, which return he did not believe to be true and correct as to every material matter, in that the defendant willfully failed to disclose on Schedule C as gross receipts and gross income, or on Form 1040 as "other income," or at any other place on that return, that he had received additional income during the calendar year 1995, including, without limitation, income related to CITIZENS FOR RYAN and the 1995-96 presidential primary campaign.

In violation of Title 26, United States Code, Section 7206(1).



**COUNT EIGHT**

The SPECIAL JULY 2000-2 GRAND JURY further charges:

1. The allegations in paragraph 1 of Count One of this indictment are hereby realleged and incorporated herein as if fully set forth herein.

2. On or about April 15, 1997, in the Northern District of Illinois, Eastern Division,

SCOTT R. FAWELL,

defendant herein, a resident of St. Charles, Illinois, willfully made and subscribed, and caused to be made and subscribed, a joint United States Individual Income Tax Return (Form 1040 with schedules and attachments) for the calendar year 1996, which return was verified by a written declaration that it was made under the penalties of perjury, and filed with the Internal Revenue Service, which return he did not believe to be true and correct as to every material matter, in that the defendant willfully failed to disclose on Schedule C as gross receipts and gross income, or on Form 1040 as "other income," or at any other place on that return, that he had received additional income during the calendar year 1996, including, without limitation, income related to House Republican Campaign Committee and CITIZENS FOR RYAN.

In violation of Title 26, United States Code, Section 7206(1).

COUNT NINE

The SPECIAL JULY 2000-2 GRAND JURY further charges:

1. The allegations in paragraph 1 of Count One of this indictment are hereby realleged and incorporated herein as if fully set forth herein.

2. On or about April 15, 1999, in the Northern District of Illinois, Eastern Division,

SCOTT R. FAWELL,

defendant herein, a resident of St. Charles, Illinois, willfully made and subscribed, and caused to be made and subscribed, a joint United States Individual Income Tax Return (Form 1040 with schedules and attachments) for the calendar year 1998, which return was verified by a written declaration that it was made under the penalties of perjury, and filed with the Internal Revenue Service, which return he did not believe to be true and correct as to every material matter, in that the defendant willfully failed to disclose on Schedule C as gross receipts and gross income, or on Form 1040 as "other income," or at any other place on that return, that he had received additional income during the calendar year 1998, including, without limitation, income relating to CITIZENS FOR RYAN and income paid by Company A.

In violation of Title 26, United States Code, Section 7206(1).

**COUNT TEN**

The SPECIAL JULY 2000-2 GRAND JURY further charges:

1. The allegations in paragraph 1 of Count One of this indictment are hereby realleged and incorporated herein as if fully set forth herein.

2. On or about April 15, 2000, in the Northern District of Illinois, Eastern Division,

SCOTT R. FAWELL,

defendant herein, a resident of St. Charles, Illinois, willfully made and subscribed, and caused to be made and subscribed, a joint United States Individual Income Tax Return (Form 1040 with schedules and attachments) for the calendar year 1999, which return was verified by a written declaration that it was made under the penalties of perjury, and filed with the Internal Revenue Service, which return he did not believe to be true and correct as to every material matter, in that the defendant willfully failed to disclose on Schedule C as gross receipts and gross income, or on Form 1040 as "other income," or at any other place on that return, that he had received additional income during the calendar year 1999, including, without limitation, income relating to the House Republican Campaign Committee paid by Company A.

In violation of Title 26, United States Code, Section 7206(1).

### **FORFEITURE ALLEGATIONS**

The SPECIAL JULY 2000-2 GRAND JURY further charges:

1. The Grand Jury realleges and incorporates by reference the allegations of Count One of this Indictment for the purpose of alleging forfeiture pursuant to Title 18, United States Code, Section 1963.

2. As a result of their violation of Title 18, United States Code, Section 1962(c),

SCOTT R. FAWELL and  
CITIZENS FOR RYAN,  
defendants herein:

(a) have acquired and maintained interests in violation of Title 18, United States Code, Section 1962, which interests are subject to forfeiture to the United States pursuant to Title 18, United States Code, Section 1963(a)(1);

(b) have interests in, securities of, claims against, and property and contractual rights which afforded a source of influence over the enterprise named and described herein, which the defendants established, operated, controlled, conducted and participated in the conduct of in violation of Title 18, United States Code, Section 1962, and which interests are subject to forfeiture to the United States pursuant to Title 18, United States Code, Section 1963(a)(2); and

(c) have property constituting and derived from proceeds that the defendants obtained, directly and indirectly, from the

racketeering activity, in violation of Title 18, United States Code, Section 1962, which property is subject to forfeiture to the United States pursuant to Title 18, United States Code, Section 1963(a)(3).

The interests and property obtained pursuant Title 18, United States Code, Sections 1963(a)(1), (a)(2) and (a)(3), include, but are not limited to, the following:

- (1) All salaries and related benefits and employer contributions pertaining to the Diverted Employees who worked primarily or exclusively for CITIZENS FOR RYAN during the February through August 1998 period, including approximately ten employees working out of the Chicago, Homewood and Springfield CITIZENS FOR RYAN offices;
- (2) All salaries and related benefits and employer contributions pertaining to SOS Office employees who were directed or authorized to perform and did perform CITIZENS FOR RYAN-related campaign work on state time during the 1994 primary effort on behalf of State Senator A; the 1994 reelection, the 1995-96 presidential primary campaign, the 1996 House races and the 1998 gubernatorial campaign;
- (3) Assets and resources diverted from the Secretary of State's office for purposes of use by CITIZENS FOR RYAN;
- (4) Campaign contributions, including fundraiser ticket sales, solicited and obtained by SOS Office employees acting as agents of CITIZENS FOR RYAN, that were procured through official misconduct and other illegal means;
- (5) The value of all other SOS Office employee benefits provided to employees of the Secretary of State's office in return for campaign work performed on behalf of CITIZENS FOR RYAN, including promotions, raises and other benefits from 1994 through 1998; and

- (6) Campaign benefits and personal benefit derived by defendant FAWELL from activity in furtherance of the racketeering violation, including all "commissions", "consulting services" and other pecuniary benefits obtained, received and procured as part of the scheme to defraud, including all benefits conferred by Vendor A upon FAWELL and CITIZENS FOR RYAN.

3. The interests of the defendants, jointly and severally, subject to forfeiture pursuant to Title 18, United States Code, Section 1963(a)(1), (a)(2) and (a)(3) include, but are not limited to, at least \$1,000,000 and the interests and proceeds traceable thereto, including but not limited to assets maintained in the following bank accounts:

North Community Bank Account #552240 in the name of CITIZENS FOR RYAN;

Municipal Trust & Savings Bank Account #70969701 in the name of CITIZENS FOR RYAN;

Illinois National Bank Account #00-0119-8 in the name of CITIZENS FOR RYAN;

4. To the extent that the property described above as being subject to forfeiture pursuant to Title 18, United States Code, Section 1963, as a result of any act or omission of the defendants:

- (a) cannot be located upon the exercise of due diligence;
- (b) has been transferred or sold to, or deposited with, a third party;
- (c) has been placed beyond the jurisdiction of the court;
- (d) has been substantially diminished in value; or

(e) has been commingled with other property which cannot be divided without difficulty;

it is the intent of the United States, pursuant to Title 18, United States Code, Section 1963(m), to seek forfeiture of any other property of said defendants up to the value of the property described as being subject to forfeiture, including, without limitation, the following:

Bank One Savings Account #2130614572084 in the name of SCOTT R. FAWELL;

Bank One Checking Account #2130021281083 in the name of SCOTT R. FAWELL;

Bank One Checking Account #1115000331479 in the name of SRF Consulting;

Morgan Stanley & Co. Inc. Account #06-24094 in the name of SCOTT R. FAWELL;

The Vanguard Group SEP IRA #9930734395 in the name of SCOTT R. FAWELL; and

Real property having a Permanent Index Number of 0922126006 in Kane County, Illinois, commonly known as 4000 Green Willow Drive, St. Charles, Illinois.

All pursuant to Title 18, United States Code, Section 1963.

A TRUE BILL:

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Foreperson

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United States Attorney

